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NATIONAL INTELLIGENCE DAILY CABLE

Thursday 1 December 1977

CG NIDC 77/278C

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**NATIONAL SECURITY INFORMATION**

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National Intelligence Daily Cable for Thursday, 1 December 1977

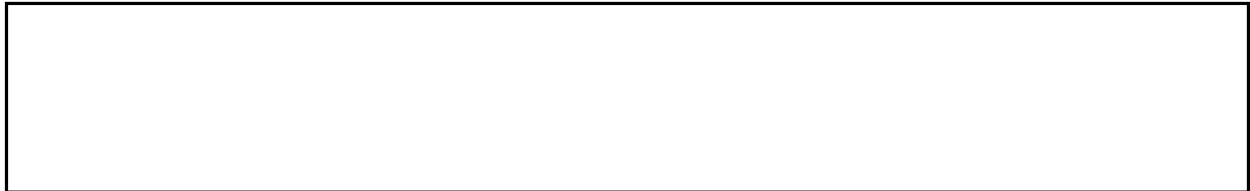
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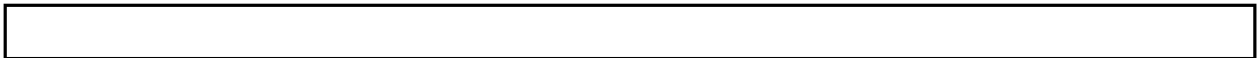
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SYRIA: Asad's Mideast Position

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[ ] Syrian President Asad, by reacting so vehemently against Egypt's latest peace initiatives, is attempting to rally support around himself as the only proper defender of Arab interests. He has not, however, won the widespread sympathy he had apparently expected. Although Asad may be able to obstruct the Egyptian initiative, he is now caught uncomfortably between the moderate and the rejectionist Arab camps--unwilling either to condone the conciliatory attitude of one or to swallow the negative views of the other.

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[ ] The confusion over who is to attend today's scheduled summit of radical Arabs in Libya is symptomatic of Asad's inability to line up a convincing array of Arab followers. Asad initially seized on the meeting--which was conceived by Libya as an effort to bring Syria and Iraq together in a front of radical Arabs opposed to peace negotiations--as a vehicle to facilitate his leadership of a bloc of Arabs opposed to Egypt's initiatives.

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[ ] Asad expected initially that by denouncing Egyptian President Sadat's visit to Israel and by permitting Syria's press to call for Sadat's overthrow, he would generate support for Syria's position among both radicals and more responsible Arab states, like Saudi Arabia and Jordan. He has not wholly succeeded.

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[ ] Although all Arab states share to varying degrees Asad's fears that Egypt will negotiate further bilateral agreements with Israel, Syria has not been able to count on the full backing of any of its allies except the Palestine Liberation Organization.

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[ ] Despite Syria's virulent propaganda attacks on Sadat and its rejection of Sadat's invitation to a pre-Geneva preparatory conference in Cairo, the Syrians have been careful not to say anything that would prejudice their claim to a role in peace negotiations. Even Asad's cooperation with Libya in attempting to arrange a radical summit has been couched in terms of rejecting not negotiations, but only Sadat's way of negotiating.

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[ ] Asad is clearly playing a double game for now, trying to keep a foot in both the moderate and the radical Arab camps. So far, this has not been a happy position, but his alternatives are even less attractive.

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[ ] Throwing in with the radicals on their terms--accepting, for instance, Iraq's demands to renounce peace negotiations--would commit Asad, before he is ready, to closing off an option in which he still has an interest. Aligning himself with Egypt now, on the other hand, would demand more in the way of lost face than Asad is ever likely to concede and more in terms of concessions to Israel than he is probably prepared or politically able to give.

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[ ] Asad will thus probably try to straddle the two positions for as long as he can. If his position is a precarious one, he no doubt takes comfort from the fact that Sadat's is even more so and from the realization that he will not be hurt seriously by letting Sadat take the lead for now. If Sadat clearly fails, Asad can more readily step in to assume the role of Arab leader; if Sadat's gamble succeeds, Asad can later, with little embarrassment, jump back on the negotiating bandwagon.

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#### IRAQ: Summitry and Rejectionism

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[ ] Iraq's call for an Arab summit meeting to be held next week in Baghdad is in part an attempt both to force Syria to oppose negotiations with Israel and to discredit President Asad. Iraq has sent Asad an invitation to attend the Baghdad summit--described as an attempt to reconcile Arab differences and unify the rejectionist states and the Palestinians--but the terms Iraq would impose on a Syrian acceptance and reconciliation are probably unacceptable to Asad.

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[ ] Iraq's initial reaction to Egyptian President Sadat's peace initiatives was to condemn him as a traitor and call for his overthrow, but the emphasis shifted this week to a challenge of Syria's motives and sincerity in opposing Sadat. The Iraqi press on Tuesday warned of a new conspiracy aimed at isolating Egypt from the Arab world and asserted that Syria was using Egypt to prepare the way for its own separate peace with Israel.

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[ ] Iraq is reminding its fellow rejectionists that Syria has been a participant in formulating previous negotiation strategies and has yet to embrace the rejectionist positions of no peace, no negotiations, and no recognition of Israel. Iraq is probably insisting now, as it has during previous discussions on rapprochement with Syria, that Damascus renounce reconvening the Geneva peace talks and any negotiations with Israel.

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[ ] It is not clear at this time whether Syria or the other states and organizations invited to the counter-summit in Baghdad (Algeria, Libya, South Yemen, and various moderate and radical Palestinian factions) will attend.

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[ ] Asad's going to Baghdad would be interpreted by the Iraqis as a Syrian admission of Iraq's pre-eminence in the rejectionist movement. Iraq has long vied with Syria to be the center of ideological pan-Arabism and the staunchest defender of Palestinian rights in the Arab world. The collapse of moderate Arab peace initiatives and the holding of a summit in Baghdad would confirm those assumptions and enhance Iraq's credentials with the rejectionists and the Palestinians.

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[ ] Iraqi criticism of Egypt, meanwhile, appears to have moderated. According to a Reuter report, officials in Baghdad privately expressed pleasure at Sadat's visit to Israel, feeling it would hasten his downfall and prod the Palestine Liberation Organization to assume a more militant stand.

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ZAIRE: Payments on Foreign Debts

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[ ] A Zairian delegation probably will tell its major foreign official creditors meeting in Paris this week that the country's external financial position through 1978 will be at least as bad as and probably worse than in 1977. This meeting is assessing Zaire's need for further debt rescheduling and progress in complying with the stabilization program laid down by the International Monetary Fund as a condition for the \$300 million in debt relief received by Zaire in the past year.

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[ ] Zaire now is more than \$550 million in arrears on debt repayments, about \$100 million more than it was at the end of 1976. Factors underlying this situation include adverse world price trends for such Zairian exports as copper and coffee, heavy spending during the insurgent incursion in Shaba last spring, and the corruption of high officials.

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[ ] Government nonmilitary spending and the volume of bank credit have grown only slightly faster than called for in IMF guidelines, and Zaire has done a good job holding down foreign exchange expenditures this year. It has been able to build foreign exchange reserves from a low point of \$10 million in January to over \$100 million in August. This increase, however, can be attributed to Zaire's failure to make some debt payments and disbursements from foreign loans as well as to import controls.



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[ ] Zaire faces a financial gap--its current account deficit plus amortization of medium- and long-term debt--on the order of \$550 million in 1978. This assumes no real growth in imports, a continued slide in exports largely due to the downturn in the coffee market, and the availability of a \$250 million private loan package still being negotiated.

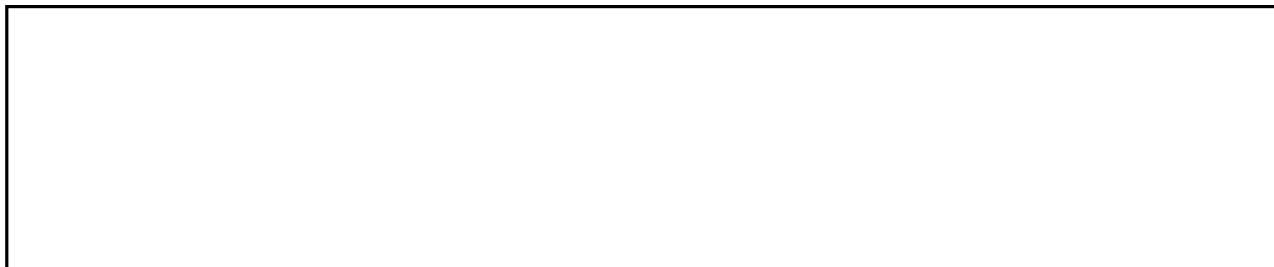
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[ ] Scheduled payments on foreign debt in 1978 now stand at about \$470 million, of which roughly \$250 million is owned to official creditors. Rescheduling 85 percent of official loan payments--the Paris Club formula for 1976-77--would still leave Zaire with a payment obligation of \$260 million. Zairian arrears on debt repayments are likely to continue to pile up rapidly in 1978 because no new, longer term assistance is in sight. [ ]

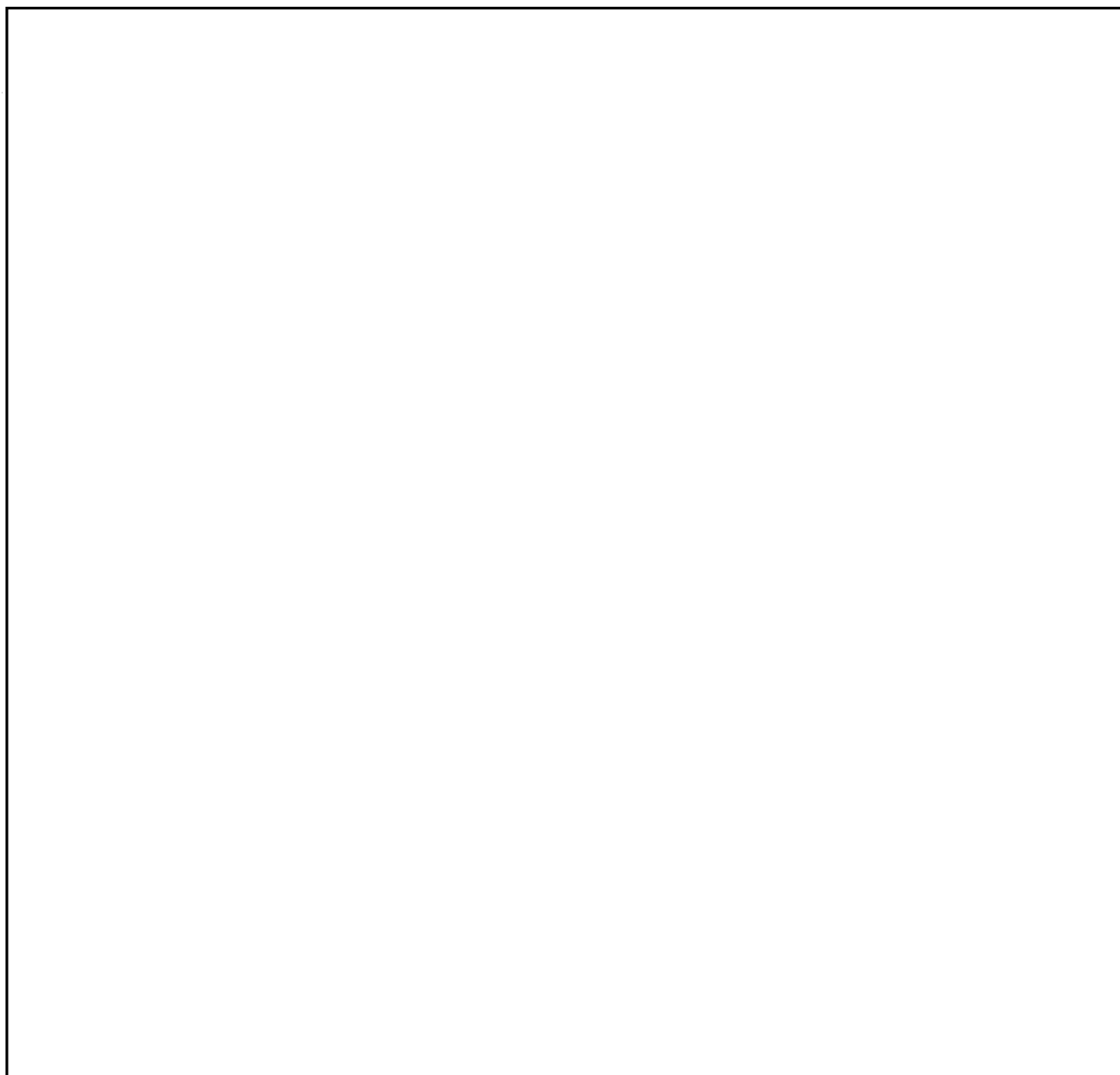
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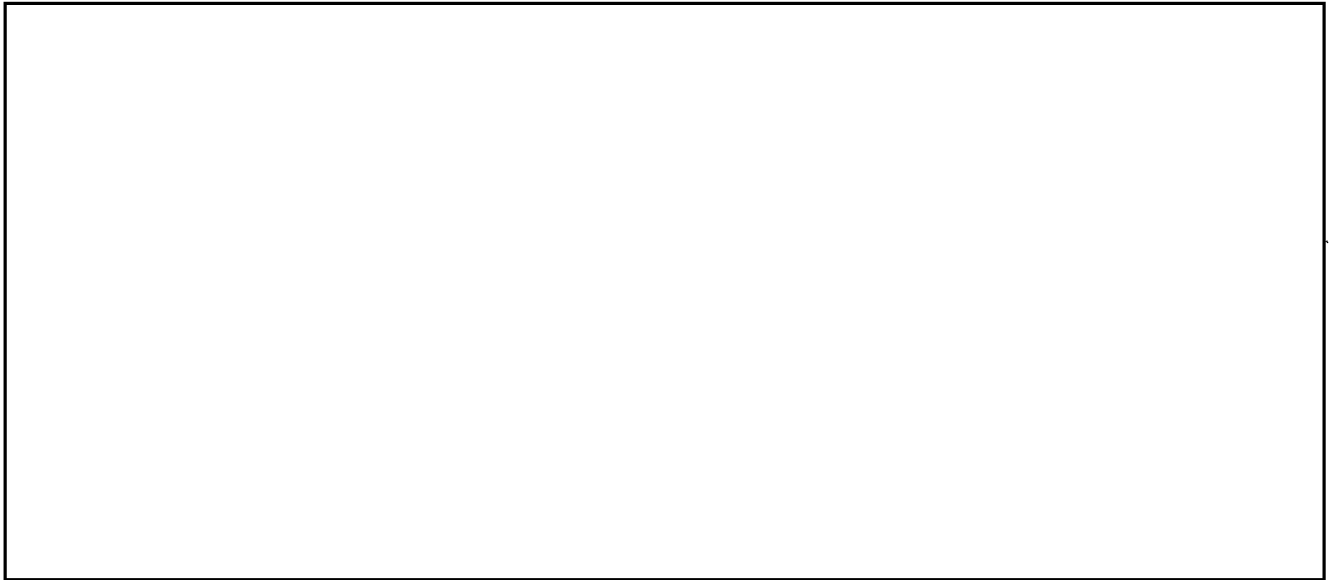


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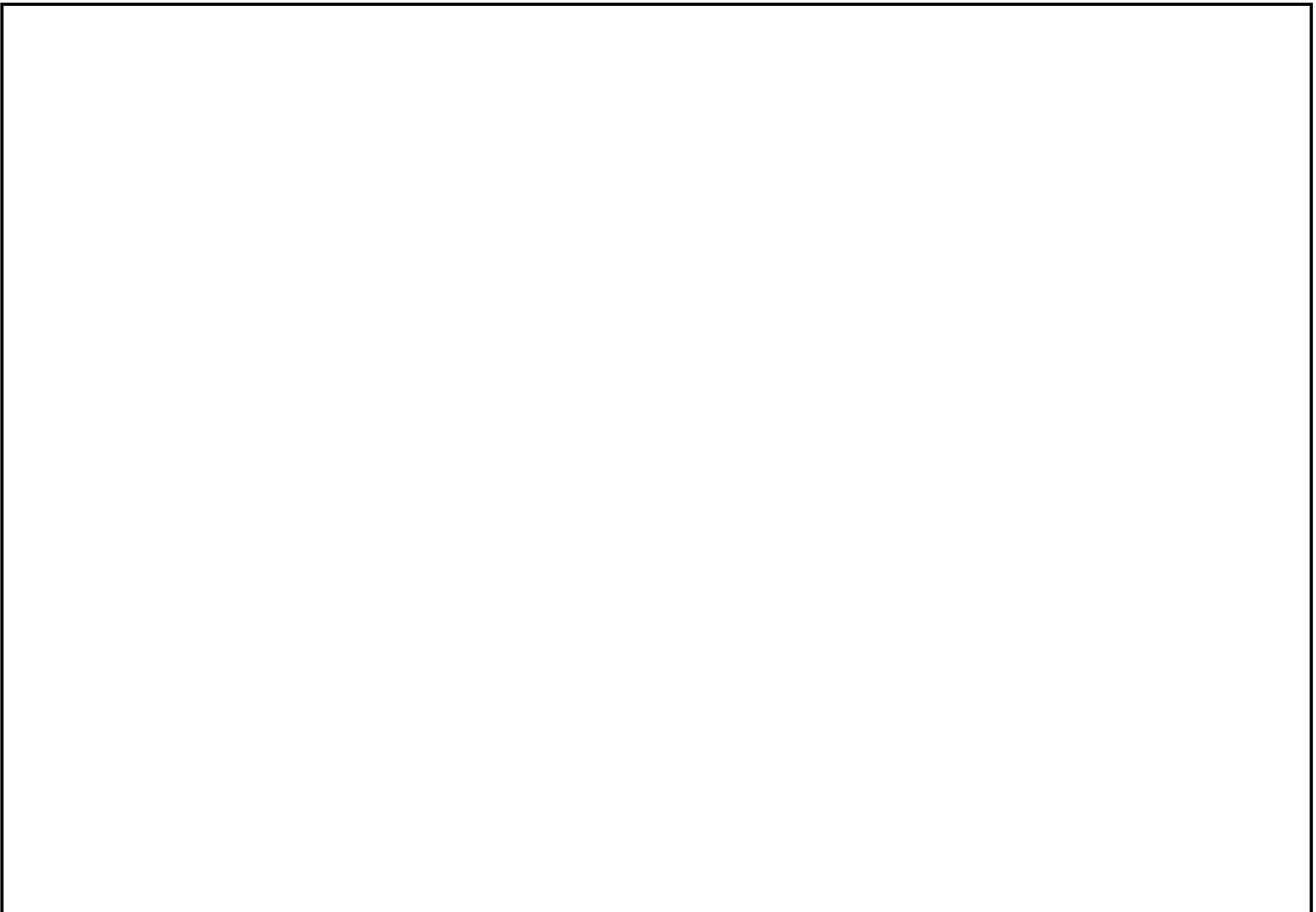
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## CHINA: New S &amp; T Graduate School

25X1 [ ] In late October the Chinese Academy of Sciences directed the China Scientific and Technological University to establish a graduate school in Peking. This action is an important step toward increasing the number of researchers and improving the quality of their education and provides additional evidence of the leadership's desire to correct the negative impact the Cultural Revolution had on China's scientists. It is in keeping with other efforts to centralize scientific and technological education.

25X1 [ ] The directive calls for enrollment of 1,000 post-graduates in the next two to three years. Criteria for selection of students will be less political than in the past. Those chosen will be required to study such basic courses as mathematics and languages for three years and to complete an independent research project under the guidance of researchers from the Academy of Sciences.

25X1 [ ] Very few Chinese students are prepared for postgraduate study, and most of those selected will probably need considerable remedial instruction. Only a small number will attain the level of achievement in the sciences that is normal in the West, but they will still constitute a significant addition to China's small pool of qualified researchers.

25X1 [ ] The decision to establish the school appears intended both to reestablish the Scientific and Technological University as a major institution for training scientists and to strengthen Peking as a national center for advanced scientific research. Prior to the Cultural Revolution, the University was a major institution that worked closely with the Academy of Sciences in training high quality research workers. A major portion of the University was subsequently moved to Anhwei Province, however, where it essentially became a local technical college; the Academy of Sciences had to train researchers itself on an informal basis.

25X1 [ ] Other institutions, such as Peking and Tsinghua Universities, will probably also strengthen their graduate programs. The absence of qualified staff and the weak research programs, however, will complicate the task. [ ]

BRIEFS

France

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[ ] The French "general strike" today will disrupt gas, electric, and railroad service. These are the industries with Communist-controlled labor unions. Like previous "general strikes" in April and May, this strike will attract little additional participation.

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[ ] It is essentially a political act by the leftist labor federations and is not an expression of the popular mood. The two largest and most militant leftist federations have been having trouble mobilizing their members, and there will not be universal participation even among their constituent unions.

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[ ] There has been a long-standing concern among workers--only 25 percent of whom are organized--that France's economic troubles could spell job losses for those who heed strike calls. The leftist federations must now also cope with growing worker restlessness with the leftist parties' squabbling and the politicization of the work place, both of which often mean that job-related issues take a weak second place to political maneuvering among unions and against management. [ ]

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Namibia

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[ ] The Western contact group seeking an internationally acceptable independence program for Namibia met in Luanda with Angolan Prime Minister Nascimento and Foreign Minister Jorge, who expressed an interest in the Western settlement package. President Neto did not participate in the meeting, apparently because he is occupied with preparations for the Popular Movement congress that begins Sunday.

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[ ] Although Nascimento maintained that Angola would not take a position on any of the proposed settlement terms differing from the position of the South-West Africa People's Organization, he seemed disposed to encourage SWAPO leaders to continue settlement talks. He said explicitly that once an agreement between SWAPO and South Africa is concluded, Angola will do its part to ensure fulfillment of SWAPO's obligations.

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[ ] Nascimento seemed to be particularly interested in the Western proposal for a UN peacekeeping force in Namibia--especially its potential role of assuring that neither SWAPO

guerrillas nor South African troops violate the Namibian-Angolan border. He implied that Angola might allow a UN force to operate on both sides of the border.

25X1 [ ] In response to a suggestion that the presence of Cuban troops in southern Angola was a deterrent to a withdrawal of South African troops from Namibia, Nascimento said a UN peace-keeping force should assure the South Africans that the Cubans would not intervene following a settlement.

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25X1 [ ] Tomorrow the contact group is to discuss the settlement package with the South Africans in Pretoria. [ ]

Thailand

25X1 [ ] //Thai Prime Minister Kriangsak is planning a series of diplomatic visits to Thailand's Communist neighbors in the next few months; he apparently hopes to improve political and economic relations. [ ]

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25X1 [ ] //The Thai Government has already approached the Lao Embassy about a January visit, and there is speculation that Kriangsak will soon accept an invitation tendered by China some weeks ago.//

25X1 [ ] Kriangsak's diplomatic campaign reflects the dynamic style he has brought to his new job. He has moved quickly to establish the impression of addressing himself and his government forcefully to Thailand's problems. He has cautioned against expecting quick solutions to Thailand's economic and social ills, but he probably sees a chance to make political capital by reducing the tensions his predecessor created with the Indochinese countries and China. [ ]

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